

Top Secret

(24)



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DIRECTORATE OF
INTELLIGENCE

MEMORANDUM

The Situation in Vietnam

State Department review completed

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3 November 1966



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Information as of 1600
3 November 1966

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HIGHLIGHTS

Press reports claim that Cambodian Prince Sihanouk intends to invite DRV Premier Pham Van Dong and Liberation Front President Nguyen Huu Tho to a summit meeting in Cambodia.

I. The Military Situation in South Vietnam:
Four US Army battalions concluded reconnaissance Operation SHENANDOAH in Binh Long Province on 2 November after killing 97 Communist troops and destroying 11 base camps (Paras. 1-2).

II. Political Developments in South Vietnam:
The US Embassy has reported a sharp reversal in the previous downward trend of consumer prices (Paras. 1-2).

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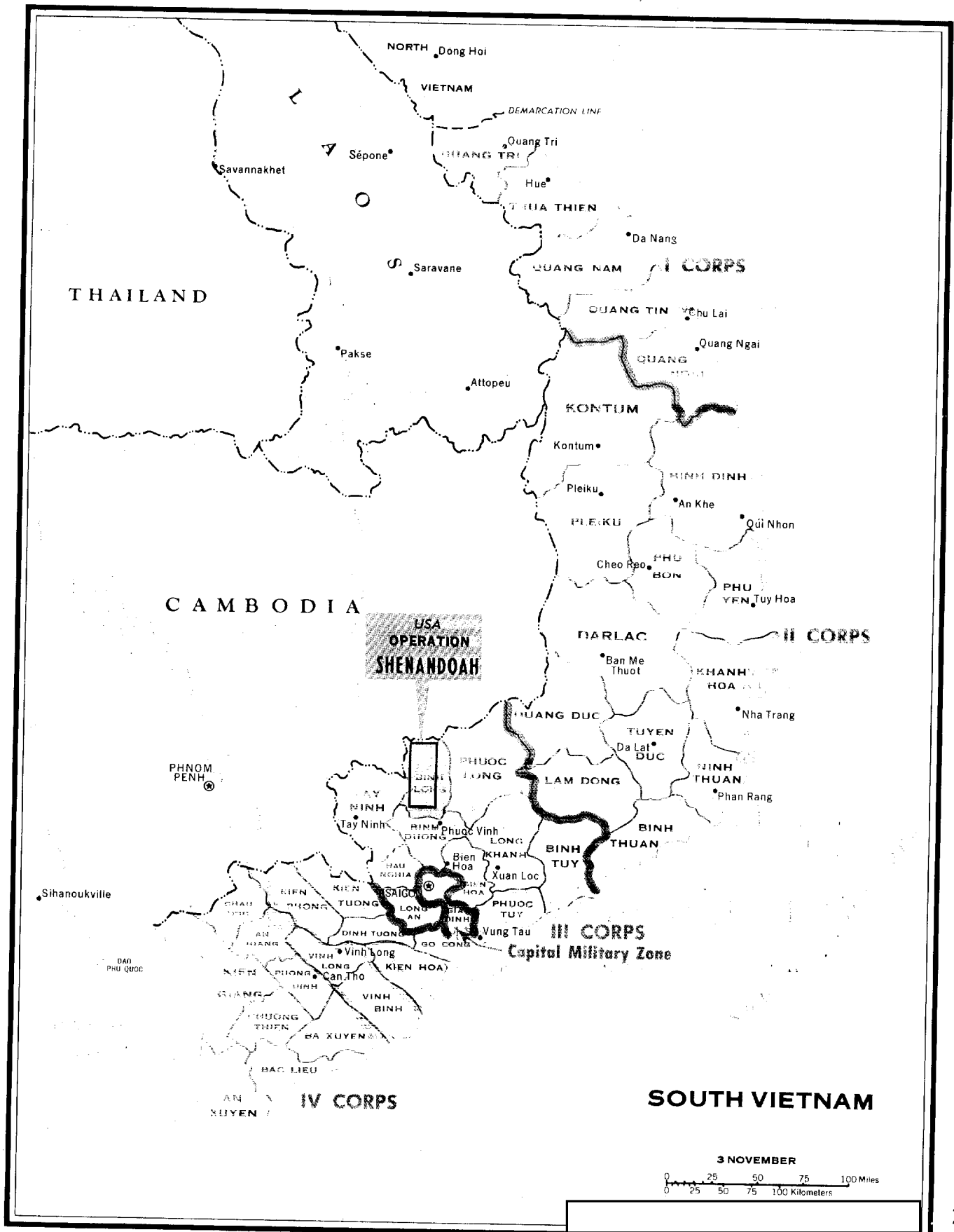
IV. Other Communist Military Developments:
There is nothing of significance to report.

V. Communist Political Developments: Liberation Front will open a new office in Albania (Paras. 1-2).

VI. Other Major Aspects: Press reports claim Cambodian Prince Sihanouk will invite Pham Van Dong and Nguyen Huu Tho to Cambodia for a summit conference (Paras. 1-5).

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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. Operation SHENANDOAH, conducted by four battalions of the US 1st Infantry Division in Binh Long Province, ended on 2 November.

2. This reconnaissance operation, which began on 16 October in an area 60-80 miles north of Saigon, was responsible for destroying 11 Communist base camps and 26 bunkers, and for killing 97 Communist troops and capturing two. Five Americans were reported killed and nine wounded. A total of 247 tactical air strikes supported this operation.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. The US Embassy has reported that consumer prices, which rose by five percent during the week ending 24 October rose another five percent from 24 to 28 October, thus sharply reversing the downward trend of the past several weeks.

2. One factor in the price rise has been apprehension on the part of merchants over the resignation of economy minister Thanh and two letters which he circulated on 21 and 22 October which contained cryptic warnings of impending economic troubles. Another factor is a rise in the price of rice--one of the basic consumer price indices--because of expected crop damage caused by the flood in the Mekong Delta.

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IV. OTHER COMMUNIST MILITARY DEVELOPMENTS

1. There is nothing of significance to report.

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V. COMMUNIST POLITICAL DEVELOPMENTS

1. The Liberation Front intends to open a new permanent mission in Albania, [REDACTED]

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2. Although this outlet will provide few new international contacts for the Front, it does represent a gesture of political support on the part of the Albanians. This new office appears to be part of a recently stepped up effort on the part of the Front to gain greater international recognition. With agreement on the new office in Albania, the Front now has permission to set up some sort of overseas outlet in every Communist country except Mongolia.

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VI. OTHER MAJOR ASPECTS

1. Cambodia's Prince Sihanouk announced on 3 November that he will hold a "summit meeting" in Phnom Penh in two weeks with North Vietnamese Premier Pham Van Dong and Liberation Front chief Nguyen Huu Tho, according to press reports.

2. Sihanouk told a cabinet meeting last week that he had asked the Viet Cong and the "Viet Minh" to meet with him in order to counter misrepresentations of Cambodian-Vietnamese relations made at the Manila Conference. He implied that the Phnom Penh meeting would be staged chiefly for its propaganda effect, and would be devoted to attacks on US "imperialism."

3. Sihanouk made no mention of possible substantive discussions at such a meeting. He has stated consistently that border negotiations with the Vietnamese Communists, which broke down last September, will not be resumed until he returns from an extended vacation in Europe--probably not before next February. In announcing the breakdown in the border talks in September, however, Sihanouk indicated that he might sign a general statement with the Viet Cong at a high-level meeting. The signing of such a statement might be one tangible result of the forthcoming talks.

4. Sihanouk may have another motive for arranging a high-level meeting with the Vietnamese Communists. It is possible that he is trying to establish himself as a future channel of communication between North Vietnam and the US. Although he has sharply discounted recent press stories that he might act as an "honest broker" in future negotiations, Sihanouk undoubtedly would be eager to play such a role if he got a green light from Hanoi. He probably calculates that his public support for their position would make him a desirable intermediary if Hanoi should decide to negotiate.

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5. For their part, the Communists probably calculate that they can turn such a "summit meeting" to their political advantage with little difficulty. They will probably portray the meeting as the Indo-chinese people's response to the Manila Conference, and will emphasize that the Cambodian and Vietnamese people are in full agreement that an end to the fighting in South Vietnam depends only on the withdrawal of the US "aggressors." It seems highly doubtful that Hanoi would deal with Sihanouk, whose diplomatic style has been a source of embarrassment in the past, for anything other than immediate propaganda advantages.

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